App. F. IX-4

1934.
(G.T.)

File No. 427-34
Serial Nos. 1-3

Previous References
G.T. 8-31 (40, 41, 42)
G.T. 8-31 (7-9)

PRESERVED

Letter References.
G.T. 22-35 (3-10)

P & T DF

GENERAL AND REVENUE SECRETARIAT.

Serial Nos. Three

Part B for August 35

SUBJECT.

Grant of Additional working advance to the G.K. Mills. Ltd., Mysore—

G.T. 8)

No H 1301-39 7.8-35

WD 03607—GPB—22,500—2-8-35

To the Collector & D.C. & Managing Agents G.K. Mills.

Sanction the grant of an additional working advance of Rupees Two lakhs towards the Working Capital of the mills. The advance carrying interest at 4½ p.a. etc

~~D O~~ letter dated 11th June 1935 from the Agent, th Sri Krishnarajendra Mills, Ltd., forwarding a copy o Resolution passed by the Directors at the meeting on 10th June 1935 regarding finance for working ca D O letter No.6 S K M dated 24th June 1935 from th Director of Industries and Commerce, requesting orders of Government re the grant of an additional working advance of Rs 2 lakhs to the Mills.

The maximum working capital of Rs 8 lakhs provided for in the Cash credit ~~arrangement~~ agreement has already been placed at the disposal of the Mills by Government, and the present proposal is to sanction an additional advance of Rs 2 lakhs towards working capital of the Mills. The extra working capital is considered necessary on account of the anticipated increase in the consumption quantity of cotton to be consumed, on the basis of the present average rate and rise in the value of cotton. It is stated that the value of cotton to be in stock under normal conditions will be about Rs 5 lakhs(Three months' stock)

2. When Government granted loans to the Mills and took up the management in the year 1931, it was anticipated that a working capital of Rs 4 lakhs would ordinarily be sufficient. The working capital was raised from Rs 4 lakhs to Rs 8 lakhs in April 1932 temporarily till the end of June 1932 to enable the Mills to effect urgent purchases of cotton during the season April to June 1932, This increased advance has been retained by the Mills. A further working advance is now asked for in connection with stocking of a larger quantity of cotton etc.

NOTE—Contn. Sheet.

3. I append herewith a statement showing the quantity and value of cotton purchased, consumed and in stock since ~~January 1934~~ December 1933. From this statement, it will be seen that the Mills have managed with a much smaller stock (much less than about Rs 5 lakhs now required) and the reason why a larger quantity is considered necessary is not clear. Messrs. Sirur & Co appear to be keen about keeping large stock of cotton always. The stock of cotton in the Minerva Mills Ltd, managed by Messrs Sirur & Co, at the end of December 1934 is Rs 8.41 lakhs which works up to about 8 months' consumption. The accumulation of such a large stock is not ~~desirable. While we were managing with a smaller stock,~~ there is no reason why Messrs Sirur & Co cannot manage with it. ~~as~~ as a larger quantity of cotton is consumed, there will be larger output and larger realisations, and the extra funds realised may be used for the purchase of more cotton. Skill in management consists in getting the best results with the funds given. Any one can ask for more & more funds

4. Government have already advanced to the Mills a large sum (Rs 16 lakhs towards block loan and Rs 8 lakhs towards working advance). The realisable value of the Fixed assets is much less than the Block loan. Against the working advance of Rs 7.68 lakhs drawn from the Treasury up to the end of April 1935, the value of floating assets works up to only Rs 6.50 lakhs resulting in a deficiency of Rs 1.18 lakhs, against 25% margin expected when the advances were made. There is no financial justification for Government to advance further funds when the prospect of recovering the loans already advanced is very doubtful.

5. The working of the Mills was transferred to Messrs Sirur & Co with the hope and on the understanding that they would manage with the funds already made available

DEWAN'S OFFICE 2 JULY 1935 No. 41 3

and show improvement in the working of the Mills(Vide First Member's Minutes dated 23-10-34 and 7-11-34 in G F file 110-34-5). ~~Cleverness consists in managing with the funds given. It is for Any one to ask for more and more funds~~. Messrs. Sirur & Co have been managing the Mills only for the last two months. The cash balance has almost been drawn and the stock is accumulating. I think the Mills should try to manage with the funds already made available, purchases of cotton etc being limited to the immediate requirement as was done in the past.

6. For reasons stated above, it is not desirable to give any extra working advance to the Mills.

First Member

Dewan

2/7

2/7/35.

The difficulty is that although the sanctioned working advances Rs 8 lakhs, ~~it does not~~ partly it has ceased to exist for reasons of loss in the past.

The working advance drawn is Rs 7.68 lakhs against this three Mills have the floating assets to the Extent of Rs 9.60 lakhs. The value of the stock actually available is Rs 6.50 lakhs. If the margin laid down for it had been maintained in the past there might have been no need for an addl advance. As it is there seems to be no help for it but to sanction an addl advance. This might sanction

NOTE—Contn. Sheet.

V.

File No. of 193 | General and Revenue Secretariat

for a period of one year. Reports may be received at the End of one year

3/7/33

9 4-7-33

4/7

10 I respectfully beg to represent that the proposal to sanction an additional working advance of Rs 2 lakhs to the Sri Krishnarajendra Mills is not in the financial interests of Government, when the prospect of recovering the advances amounting to Rs 24 lakhs (Rs 16 lakhs Block Loan and Rs 8 lakhs Working Advance) already granted is itself very doubtful.

11 In the year 1931, it was anticipated that a working capital of Rs 4 lakhs would ordinarily be sufficient for the Mills. This was raised to Rs 8 lakhs in April 1932 temporarily till the end of June 1932 to effect urgent purchase of cotton during the season April and June 1932, and this increased advance has been retained by the Mills permanently. It is not necessary that the Mills should always have a working advance of Rs 8 lakhs and that the losses sustained should be recouped. The reason that the prescribed margin had not been maintained in the past does not justify the grant of further advances by Government,

particularly when the recovery of the previous advances is itself uncertain.

Dorsey

617

£617/35.

To may b considered alo a Comrty along with the other question.

Ashton B

617

£817/35.

NOTE—Contn. Sheet.

6

(For Disposal at a Meeting)

No. C. 6

dt. 1935/6

GENERAL AND REVENUE SECRETARIAT.

Council Matter.

SUBJECT

(clause XII of the schedule)

Question of sanctioning an additional working advance of Rs.2 lakhs to the Sri Krishnarajendra Mills, Ltd. Mysore.

15 CIRCULATED TO THE MEMBERS OF COUNCIL.

By Order,

9th July 1935

Offg. *Chief Secretary to Government.*

229/9/7 **First Member of Council.** 16 9/7

209/9/7 **Second Member of Council.** 17 9/7

cb 7

Extract from the Proceedings of the 938th *Meeting of the Council of His Highness the Maharaja, held at Bangalore on the* 15th July 1935. *19*

2. Subject:- Clause xii of the schedule.

Proposal to sanction an additional working advance of Rupees Two lakhs to the Sri Krishnarajendra Mills, Ltd., Mysore.

OPINION OF THE COUNCIL.

An additional working advance up to Rupees Two Lakhs so as to make up the full sum of Eight Lakhs may be sanctioned, the amount being provided by Government.

(Signed) MIRZA M. ISMAIL,
DEWAN OF MYSORE.

Financial Secretary, with compliments

1617/35

"EXTRACT"

Chief Secretary to Government.

WD 1471—GPB—2,000—1-8-21

Additional working advance to S. K. Mill Ltd

W. Before putting up a Draft final note there are certain points which require clearing up, and they are accordingly submitted for orders.

Page 7.

(1) The Council Resolution states that a further "advance up to Rs. 2 lakhs so as to make up the full sum of Rs. 8 lakhs may be sanctioned".

(2) This implies that the extent to which the original sanctioned sum of Rs. 8/- lakhs was diminished while the Mills were under Govt. management, should be made good to the New management. This is also the idea or principle adumbrated in the 1st Members minutes of 3.7.38 at paras 7 & 8 of note above. This again means that whatever loss the Govt. Management sustained since the time Rs. 8 lakhs working advance was sanctioned, should now be given in the shape of a further working advance.

The working advance of Rs. 8/- lakhs was sanctioned on 25th April 1932.

NOTE—Contn. Sheet.

Additional Working advance to S.K. Mills.

File No. of 193 . | General and Revenue Secretariat

(1) According to the Published Balance Sheets of the Mills, put up herewith, the Years from 1st inclusive of 1932 indicate the following results :-

Calendar Years	Profit / Loss (Both Without taking into account Depreciation)
1932	90,666-6-4
1933	2,02,781-4-10
1934	88,547-10-10
4 months ending April 1935 according to Balance Sheets received from the Mills	19,175-1-9
	3,10,501-1-5
Deduct 1932 Profit	90666-6-4
Net Loss	2,19,837-11-1

(2) In accordance with the Council Resolution and the afore-mentioned minutes of the 1st meeting therefore, the figure deducted above, which is nearly Rs 2,00,000 in excess of 2 lakhs has to be sanctioned now as additional working advance. This will make up the full sum of Rs. 8 lakhs leading available in liquid resources to the Mills now under management. The maximum is only 2 lakhs as per the Resolution. page 7 of note

(3) Both these, according to the note of Messrs. Sims & Co, para 2 - only an amount of Rs. 128,266 is the amount which is required. paras 7 & 8 of notes. P. 2 d

Additional working advance to S. R. Mills

App. F. III—2]

General and Revenue Secretariat | File No. | of 193

Serial No.

to make up the full sum of Rs. 8 lakhs. The Concluding para of Messrs Sivers note of Commutation Rs. 2/- lakhs as the amount required as further working advance

P. M. D.

Point I

26 Orders are solicited whether Rs. 219,837 or Rs. 128,266 has to be sanctioned now as advance & mentioned in the D. F. N.

Point II

27 There is already an Agreement for a total Cash credit of Rs. 8 lakhs. A new Agreement for the additional sum of 2,19,837 or 1,28,266, as may be ordered, has to be taken from the Agents. After passing orders on point I, this matter will be mentioned in the F. N. if appl.

Point III

q & In the G.O to be issued sg. the further advance & in the Agreement to be taken from the Agents, whether the 25 percentum Margin stipulated is to be retained or expunged is not clear. Orders may also be kindly passed on this point.

NOTE—Contn. Sheet.

WD 02553—G P B—50,000—8 7 30

11 Additional working capital to C in Travancore

5588

File No. A of 193 | General and Revenue Secretariat

Point IV

Para 8 of the Members minutes proposes to limit the period of sanction of the addl advance to one year for the present. Whether this rider may be mentioned in the G.O. & Final Note may also be kindly made clear.

Submitted for orders on the 4 points indicated above.

18/7/35

31 1. The managing Agents want a further advance of Rs 2 lakhs, though they make out the depletion in the working resources to be Rs 1,28,266. The council Resolution sanctioning an advance up to Rs 2 lakhs, is suited to the conditions of the mills and may be retained.

32 2. A new agreement for this sum has to be obtained and the fact may be mentioned in the F.N.

33 3. The 25% margin stipulation applies to the larger loan and may apply to this also, periodical waiving, being referred to, whenever necessary, as at present in the case of the existing advance.

34 4. The period of one year may be mentioned in the G.O and the F.N.

H Seey) 18/7/35

Ans 1877.

18/7/35

Addl working advance of
Rs 2 lakhs to S & Wks

General and Revenue Secretariat.

File No. 5588/24 of 193

[App. F. III-2

35 Subs with a.d. & f.n.
Additional grant will have to be obtained from L.C. later.
8/7/35 19/7/35.

36 For approval
H Secy 19.7.35

37 Drafts revised.
Please put up fair drafts immediately
20/7/35

OFFICE OF THE SECOND MEMBER OF COUNCIL 22 JUL 1935 No. 589

38 Typed copy of the draft S.N. subs
22/7

39 D.F.N. subd for approval
22/7/35

2d Member
22/7/35

40 Final note signed by the member is put up
24.7.38

DEWAN'S OFFICE 589

Dewan) 41
25/7/35

42 Ms
25-7-35

25/7/35.

NOTE—Contn. Sheet.

Final Note by the Second Member of Council.

Subject.—

Additional working advance to the Sri Krishnarajendra Mills, Limited.

---

43 When Government took up the management of the Sri Krishnarajendra Mills in 1931-32, a loan of Rs.24 lakhs was sanctioned to the Mills (Rs.16 lakhs as Block Loan on the security of the fixed assets and Rs.8 lakhs towards working advance on the security of floating assets). One of the conditions of the grant of the working advance is that there should be a margin of 25 per cent. in the value of the securities held against the working advance. This percentage was subsequently reduced and latterly the margin itself has been completely relaxed as a temporary measure owing to the unsatisfactory financial condition of the Mills

44 Messrs. N. Sirur & Co., who took up the management of the Mills in April last have reviewed the position of the floating assets and working capital of the Mills and have also prepared a forecast of the requirements for the calendar year 1935. They think that a net profit of Rs.3,012 after meeting interest charges can be expected to be realised during the current year as against a loss of Rs.88,547 sustained in 1934 and that to achieve this improvement, the resources of the Company have to be strengthened by a further advance of Rs.2 lakhs towards working capital, as a large amount will have to be spent, on account of purchase of cotton etc. The Board of Directors have requested Government to advance this sum.

45 The Financial Secretary is of opinion that there is no financial justification for Government to advance further funds when the prospect of recovering the loans already advanced is very doubtful

Pages 1 to 3 of office Notes

doubtful and that the Mills should try to manage with the funds already made available, purchase of cotton etc., being limited to immediate requirements as was done in the past.

46 When the papers were submitted to the First Member, he minuted as follows:-

Page 3844 of office Notes

"The difficulty is that although the sanctioned working advance is eight lakhs of rupees, part of it has ceased to exist by reason of losses in the past.

The working advance drawn is Rs.7.68 lakhs. Against this there should have been floating assets to the extent of Rs.9.60 lakhs. The value of the stocks actually available is only Rs. 6.50 lakhs. If the margin laid down by Government had been maintained in the past, there might have been no need for an additional advance. This may be sanctioned for a period of one year. The position may be reviewed at the end of one year."

47 The question was considered at a meeting of the Council on the 15th July 1935 when the following resolution was recorded:-

Page 7 of the—

"An additional working advance up to Rupees Two Lakhs so as to make up the full sum of Rs.eight lakhs may be sanctioned, the amount being provided by Government."

48 Gracious sanction of His Highness is solicited to the above resolution. This would raise the total working advance sanctioned to the Mills from Rs.8 to Rs.10 lakhs and a fresh agreement to cover the additional advance will be obtained from the Mills.

49 The stipulation of 25 per cent. margin will be included in the new agreement also with discretion to Government to relax it, if necessary

SD The additional advance will be sanctioned for a period of one year and the position reviewed at the end of that period.

T. Rajagopal

MEMBER OF COUNCIL.

Bangalore,
24th July 1935.

Submitted to His Highness.

5 I *I submit herewith a Final Note by the* Second *Member of Council on the subject of* additional working advance to the Sri Krishnarajendra Mills Limited *for His Highness' gracious approval.*

Mirza M. Ismail
Dewan.

Bangalore,
25th July 1935.

Record of Cases submitted for the Orders of His Highness the Maharaja.

Subject.

Grant of additional working advance to the Sri Krishnarajendra Mills, Limited, Mysore.

Order.

~~KRW~~

27/7/35

c6

General and Revenue
Secretariat

SUBJECT:- Grant of additional working advance to the Sri Krishnarajendra Mills, Limited, Mysore

(*)

31. All urgent or confidential files returned with His Highness' orders may in the absence of instructions or indications to the contrary, be ordinarily circulated to the Members of Council for perusal after the issue of orders.

33. The Secretaries concerned should see that orders in the cases referred to above are issued at once and that the files are returned immediately after to the Chief Secretary for circulation to the Members.

34. In all other cases, the files will first be circulated to the Members of Council at Head-quarters and then sent to the Secretariat concerned for the issue of orders.

54

Circulated to Members of Council for perusal of His Highness' orders before/after issue of orders. (*) (*Vide Rules* 31, 33 and 34 of the Subsidiary Rules for the conduct of business of Council in the Manual of Council Rules and Procedure.)

Chief Secretary to Government.

Through the Secretary to Government,

Financial Department.

55 30.7.35

30/7/35

56 FIRST MEMBER OF COUNCIL.

31/7

686
30/7

57 SECOND MEMBER OF COUNCIL.

644
31/7

S/7
31/7

56 Financial Secretary, with Compts

1a
31/7

31/7/35

NOTE.—Contn. sheet.

Additional working advances
Cr S. K. Mills Ltd

General and Revenue Secretariat.

G. File No. 427 of 1934 [App. F. III-2

Subd with a draft.

For approval.
H Seey) 4.8.35.

Draft revised – Clean draft.
2/8/35
2/8/35

Typing Section wre for sending a typed copy
2/8

Typed & put up
3/8/35.

OFFICE OF THE FIRST MEMBER OF COUNCIL
3 AUG. 1935
No. 826

1 AUG. 1935
SECTT.

Draft for approval. The rate of interest allowed on the existing advances is 5½ p.c. and this has been inserted in the draft subject to approval
3.8.35
1st Member)

5/8
Issue.
5/8/35

SECTION.
AUG. 1936
REV. SECTT.

3 No. De 1301-3 & 7.8.35 to the Comptl. Dir of Inds, Managing Agents of S. K. Mills, Dandeli to fix Mills in adl working advance up to a limit of

NOTE=Contn.-Sheet.

File No. 627 of 193 9

General and Revenue Secretariat

Rs. 2 lakhs under the Rann Tendkhoni ... existing advance ... Secretariat ... Dist of Dte to make the necessary ... Town and Tilla, a demand for Supplementary Grant being placed ... the L.C. at its next Session.

1) Budget Section Rules to note the last para of Govt Initiative supplementary Grant.

2) Govt for 15 days.

7/8/38

BMW 1419

TELEGRAMS "SRIKMILLS," MYSORE.

C.7427-34-1

TELEPHONE MYSORE 266.

Sri Krishnarajendra Mills, Ltd.,

Mysore.

Copied.

DEWAN'S OFFICE
13 JUNE 1935
No. 2364

FINANCIAL SECRETARY
No.

11th June 1935

To

S. Srikanta, Esq., B.A.,
Financial Secretary to Government,
Camp - Mysore.

Sir,

We have the honour to send herewith the copy of the Resolution passed by the Directors at yesterday's Meeting regarding finance for working capital, together with our note on the subject.

First Member for perusal in the first instance.

12-6-35

We have the honour to be,
Sir,
Your most obedient servants,

Agents.

GN

OFFICE OF THE FIRST MEMBER OF COUNCIL
13 JUNE 1935
No. 8343

SRI KRISHNARAJENDRA MILLS, LTD., MYSORE.

Resolution passed at the Meeting of the Board of Directors held on 10th June 1935:-

RESOLVED that the Government be requested to advance Rupees two lakhs (Rs.2,00,000/-) towards working capital of the Company in the circumstances explained by the Agents in their note dated 31st May 1935.

Agents.

GN

N O T E

The following is a review of the position of the floating assets and the working capital made available by Government for the Mills from the beginning of the year 1934 upto the end of April 1935:-

Month & Date.	Working advance drawn	Net value of assets.	Difference Plus.	Difference Deficit.
31st Dec.1933	Rs.8,00,000	8,10,266	10,266	
31st Dec.1934	6,38,000	5,43,581		94,419
April 1935	7,68,000	6,50,000		1,18,000

It will be clear from the above that the amount placed at the disposal of the Company has diminished from a surplus of Rs.10,266 at the end of 1933 to a deficit of Rs.1,18,000 at end of April 1935, resulting in a total reduction in working resources to the extent of Rs.1,28,266.

Enclosed is a statement showing the actual results of working of the Mills for the year 1934 and four months of the current year to end of April 1935, together with a

statement

statement showing a forecast of the results of working for the eight months from May 1935 to end of December 1935 and an explanatory note on the forecast. From this, it will be seen that a provision is to be made for the increased consumption of cotton of 8,568 candies for eight months from 1st May to 31st December 1935 as against 6,964 candies in the corresponding period of last year, to meet the present lay-out. Further, the value of cotton consumed during the last eight months of 1934 was Rs.9,05,439 at an average rate of Rs.130/0/3 per candy of 500 lbs as against Rs.13,09,736, value of 8,568 candies required for the next eight months as stated above, at the present average rate of Rs.152/13/9 per candy of 500 lbs of cotton in stock and to arrive. So, the net position of increase both in quantity and value is as follows:-

Increase in the quantity of cotton to be consumed on the basis of the present average rate -	27.08 %
Increase due to rise in value of cotton -	17.57 %
Total -	44.65 %

In view of the above, the resource position at end of

of April 1935 is found inadequate to meet the situation, especially when a good portion thereof is locked up in the Hosiery stocks to reduce which every attempt is being made.

On the basis of working capital of Rs.8 lakhs available in 1933, the working capital required for the conditions specified above during the next eight months of 1935 involving a net increase of 44.65 % in money value of cotton consumption, should be about Rs.11,57,000.

The working capital required for a Mill of this size under normal conditions may be summarised as follows:-

Cotton stock - 3 months	Rs.5,00,000
Yarn stock	2,00,000
Hosiery stock	1,04,000
Stores	46,000
Bills outstanding	66,000
Cash in hand and Bank	31,000
Total -	Rs.9,47,000

as against Rs.6,90,000 now available as mentioned in para 1 above, as follows :-

Value of Assets Rs 650000
Undrawn balance 32000
Total 682000

The

The value of cotton stock for three months on an average consumption of 1,071 candies at an average rate of Rs.153/- based on the average price of cotton in stock and to arrive comes to Rs.4,91,151 (1,63,717 x 3) or roughly Rs.5,00,000. The other items are taken on the basis of floating assets on 30th April 1935.

The present stock of cotton and in transit is 11,60,000 pounds equivalent of 2,900 bales of 400 lbs each. The value of this cotton representing about two months consumption on the present basis, is Rs.3,63,000 of which Rs.1,40,000 is due to suppliers.

In these circumstances, the Agents consider that the resources of the Company should be strengthened by a further advance of Rs.2 lakhs towards working capital.

May 31st 1935.

Agents

GN

STATEMENT

SRI KRISHNA DEVARAYA MILLS LTD

Statement showing the results of working for the year 1934 and 4 months of 1935 with a forecast of the working results for 1935.

-:-

Particulars.	For the year 1934 actuals.			1935 - 4 months actuals.			1935-8 months' estimate based on 18,000 lbs production per day.			Total for the year 1935
	Yarn	Hosiery	Total.	Yarn.	Hosiery	Total.	Yarn	Hosiery	Total.	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
ning balance	2,82,254	1,77,368	4,59,622	97,776	1,35,148	2,32,924	2,00,175	1,03,844	3,04,019	2,32,924
materials (cotton)	12,59,657	..	12,59,657	5,20,615	..	5,20,615	13,09,736	..	13,09,736	18,30,351
ing expenses	3,89,839	32,242	4,22,081	1,37,985	10,404	1,48,369	3,12,824	20,808	3,33,632	4,82,021
Total -	19,31,750	2,09,610	21,41,360	7,56,376	1,45,552	9,01,928	18,22,735	1,24,652	19,47,387	25,45,296
issued to Hosiery -	- 14,829	+14,829	..	- 9,517	+9,517	..	..	19,034	+ 19,034	19,034
Total -	19,16,921	2,24,439	21,41,360	7,46,859	1,55,069	9,01,928	18,22,735	1,43,686	19,66,421	25,64,330
L E S:-	18,60,858	88,836	19,49,694	5,71,772	44,390	6,16,162	17,31,648	58,000	17,89,648	24,05,810
ng stock-	97,776	1,35,148	2,32,924	2,00,175	1,03,844	3,04,019	2,07,282	94,250	3,01,532	3,01,532
Total -	19,58,634	2,23,984	21,82,618	7,71,947	1,48,234	9,20,181	19,38,930	1,52,250	20,91,180	27,07,342
rence -	41,713	- 455	41,258	25,088	- 6,835	18,253	1,16,195	8,564	1,24,759	1,43,012
est -	1,09,981	19,824	1,29,805	34,326	6,262	40,588	1,16,888	12,524	99,412	1,40,000
ifference-	-68,268	-20,279	-88,547	- 9,238	-13,097	- 22,335	- 19,307	- 3,960	25,347	3,012

N.B:- Depreciation not provided.

N O T E :-

SRI KRISHNARAJENDRA MILLS, LTD., MYSORE.

-:-

Notes explaining the forecast of the working of the Mills for 1935.

As during the current year the results of working of the Mills for the first four months are ready, a forecast is prepared for the remaining eight months. Actuals for 1934 are also given. The main features of the forecast are as follows:-

Y A R N:-

COTTON:- Rs.13,09,736 - This represents the mixing cost for the eight months calculated on the present average price of Rs.152/13/9 per candy of 8,568 candies of cotton for the various mixtures for the next 8 months required to yield a production of 12,000 bales of yarn of 300 lbs as per details furnished in Appendix I. The quantity of cotton consumed for the corresponding period of last year was Rs.34,82,265 lbs or 6,964 candies valued at Rs.9,05,439/- and worked out to an average of Rs.130/0/3 per candy. The value of cotton expected to be consumed during 1935 is 45.3 per-cent more than that of 1934.

WORKING EXPENSES:- The working expenses are provided on the basis of actuals for the past four months of the current year modified to the extent of the expected increase in direct charges consequent upon the proposed improvement of the lay-out and the resultant increased production.

SALES:- Rs.17,31,648/- This figure represents the value of the entire output for the eight months at an average rate

rate of Rs.5/1/0 for 20s less 2½ annas for freight and 2½ % commission which is the present market rate. On the above basis, the result will be a working profit for 8 months of Rs.1,16,195/- without taking interest into consideration and a net profit of Rs.29,307/- after meeting interest charges.

Output:- The value of the output for 1935 will be Rs.24,74,418/- as against Rs.17,22,996/- for 1934 representing an increase of 43.6 percent. These figures are arrived at as follows:-

	1934	1935
Total of sales and closing stock -	Rs.21,82,618	Rs. 27,07,342
Less opening balance-	4,59,622	2,32,924
Output for the year-	Rs.17,22,996	Rs. 24,74,418

H O S I ERY:-

WORKING EXPENSES:- These are taken on the basis of the actuals for the past four months.

SALES:- We expect to sell 16,000 dozens for eight months and realise Rs.58,000 at an average rate of Rs. 3/10/0 per dozen.

There would, we think, be a working profit of Rs.8,564/- but after meeting interest charges, the net result, we anticipate would be a loss of Rs.3,960/-.

FINAL RESULTS:-

Taking the results for the whole year 1935, we expect a net profit of Rs.3,012/- after meeting interest charges as follows:-

Loss -

Appendix I

KRISHNA-VENKA MILLS LTD

t, sales realisation and cot

-:-

of od tion.	Value on basis of:- 12½s- 4/1 20s- 5/1 30s- 6/4 40s- 7/6	Quantity of required p on the bas return of : Lbs. 50 ca	
½s	Rs.9,937	176571	35
½s	10,657		
0½s	11,457		
2½s	12,187		
4½s	12,937		
0s	25,819	303571	6
2s	27,094		
4s	28,369		
6s	29,644		
8s	30,919		
0s	9,375	5[illegible]	
2s	9,750		
0s	11,062		
	2,29,217		
	12,761		
	2,16,456		
	17,31,648		

Appendix

SRI KRISHNARAJENDRA MILLS LTD

Statement showing the yarn output, sales realisation and cost

-:-

Counts.	Expected production per shift in lbs.	in 300 lb.b/s.	Production per day. bales.	Production per month of 25 days. bales.	Range of expected production.	Value on basis of:- 12½s- 4/1 20s- 5/1 30s- 6/4 40s- 7/6	Quantity required on the basis return of Lbs. 50 ca
Lowers:- 6½s to 14½s.	3,000	10	20	500	100 of 6½s 100 of 8½s 100 of 10½s 100 of 12½s 100 of 14½s	Rs.9,937 10,687 11,437 12,187 12,937	176571
Middles:- 20s to 28s.	5,100	17	34	850	170 of 20s 170 of 22s 170 of 24s 170 of 26s 170 of 28s	25,819 27,094 28,369 29,644 30,919	303571
Highers & Fortys- 30s to 40s.	900	13	6	150	50 of 30s 50 of 32s 50 of 40s	9,375 9,750 11,662	53714
Total -		30	60	1,500		2,29,217	
					Less freight at 2½ annas	7,031	
					commission at 2½ %	5,730	
						12,761	
						2,16,456	
					For 6 months -	Rs.17,31,648	

Appendix I

SRI KRISHNARAJENDRA MILLS, LTD.

Statement showing the yarn output, sales realisation and consumption.

-:-

Counts.	Expected production per shift in lbs.	in 300 lb.b/s.	Production per day. bales.	Production per month of 25 days. bales.	Range of expected production.	Value on basis of:- 12½s- 4/1 20s- 5/1 30s- 6/4 40s- 7/6	Quantity of cotton required per month on the basis of return of 400 lbs. Lbs.	500 lbs. candy bales.	Mixing cost per candy of 500 lbs. Rs.	Mixing cost per month.	Mixing cost for month
Lowers:- 6½s to 14½s.	3,000	10	20	500	100 of 6½s 100 of 8½s 100 of 10½s 100 of 12½s 100 of 14½s	Rs.9,937 10,687 11,437 12,187 12,937	176571	441	121	43,197	3,45,5
Middles:- 20s to 28s.	5,100	17	34	850	170 of 20s 170 of 22s 170 of 24s 170 of 26s 170 of 28s	25,819 27,094 28,369 29,644 30,919	303571	759	164	99,548	7,96,7
Highers & Fortys- 30s to 40s.	900	13	6	150	50 of 30s 50 of 32s 50 of 40s	9,375 9,750 11,062	53714	134	196	26,273	1,67,77
Total -	30	60	1,500			2,29,217				1,63,717	13,09,73
	Less freight at 2½ annas commission at 2½ %					7,031 5,730					
						12,761					
						2,16,456					
	For 6 months -					Rs.17,31,648					

Rs.22,335 for 4 months ending April 1935
Rs.25,347 for 8 months ending Dec. 1935

Rs. 3,012

ot taken depreciation into our account in

ion.

e note on the programme of capital

e current year will be sent separately.

Secretary

Sri Krishnarajendra Mills Ltd.,Mysore.

Quantity .. In bales.
Value. .. Rs In lakhs.

Cotton.

Month.	Opening balance.		Purchase.		Consumption.		Closing balance.	
	Quantity	Value.	Quantity.	Value.	Quantity	Value.	Quantity.	Value.
December 1933	1554	1.47	817	.75	1064	.90	1307	1.32
January 1934	1307	1.32	1097	.94	1060	,88	1344	1.39
February "	1334	1.39	982	.88	895	.85	1421	1.43
March "	1421	1.43	921	.81	1054	.94	1288	1.30
April "	1288	1.30	2148	1.88	1017	.87	2419	2.31
May "	2419	2.31	1804	1.58	1070	.93	3223	2.95
June "	3223	2.95	1457	1.25	1045	.95	3635	3.25
July "	3635	3.25	1450	1.31	1316	1.02	3769	3.54
August "	3769	3.54	541	.51	1400	1.28	2910	2.76
September "	2910	2.76	1045	1.11	1353	1.27	2602	2.60
October "	2602	2.60	1291	1.18	1218	1.22	2675	2.56
November "	2675	2.56	1545	1.84	1234	1.17	2986	3.23
December "	2986	3.23					2463	2.43
January 1935	2463	2.43	339	.39	1275	1.22	1527	1.60
February "	1527	1.60	~~988~~ ~~666~~ +366	1.60	1161	1.22	1354 ~~1720~~ +366	1.98
March "	1720	1.98	1010	1.62	1087	1.34	1643	2.26
April "	1643	2.26	2036	1.84	1339	1.43	2340	2.68

2-7-35

Tels.—"INDUSCOM" G.7427-34-2 Codes used—A.B.C., 5th Edn., Bentley's

GOVERNMENT OF MYSORE

Department of Industries and Commerce.

FINANCIAL SECRETARY 26 JUNE No.

Mr. S. ABDUL WAJID, B.A.,
Director.

OFFICE OF THE DIRECTOR,

FINANCIAL BRANCH 27 JUNE 1935 I GENL. & REV. BRCH.

Bangalore, dated 24th June 193 5.

D. O. No. D6. S.K.M.1/34-35

Encl:- One Note.

Dear Mr. Shamanna

I am sending herewith for favour of perusal and orders of Government, a Note received from Messrs. Sirur & Co., Managing Agents, Sri Krishnārājendra Mills, Ltd., Mysore, reviewing the present financial position of the Mills and stressing the need for an additional advance of 2 Lakhs of Rupees towards the - - Working Capital of the Mills. I agree with the Managing Agents that it is necessary to increase the facility for working finance by another 2 Lakhs of Rupees. I request the favour of your obtaining the orders of Government in the matter as early as possible.

Yours sincerely
Abdul Wajid.

S. Shamanna, Esq., B.A.,
Financial Secretary to Government,
B a n g a l o r e.

BV2)

N O T E

31st May 1935.

The following is a review of the position of the floating assets and the working capital made available by Government for the Mills from the beginning of the year 1934 upto the end of April 1935:-

Month & Date.	Working advance drawn.	Net value of assets.	Difference Plus.	Difference Deficit.
31st Dec. 1933	Rs.8,00,000	8,10,266	10,266	
31st Dec. 1934	6,38,000	5,43,581		94,419
April 1935	7,68,000	6,50,000		1,18,000

It will be clear from the above that the amount placed at the disposal of the Company has diminished from a surplus of Rs.10,266 at the end of 1933 to a deficit of Rs. 1,18,000 at end of April 1935, resulting in a total reduction in working resources to the extent of Rs.1,28,266.

Already sent vide our letter no 5586 dated 25/5/35.

Enclosed is a statement showing the actual results of working of the Mills for the year 1934 and four months of the current year to end of April 1935, together with a statement showing a forecast of the results of working for the

the eight months from May 1935 to end of December 1935 and an explanatory note on the forecast. From this, it will be seen that a provision is to be made for the increased consumption of cotton of 8,568 candies for eight months from 1st May to 31st December 1935 as against 6,964 candies in the corresponding period of last year, to meet the present lay-out. Further, the value of cotton consumed during the last eight months of 1934 was Rs.9,05,439 at an average rate of Rs.130/0/3 per candy of 500 lbs as against Rs.13,09,736 value of 8,568 candies required for the next eight months as stated above, at the present average rate of Rs.152/13/9 per candy of 500 lbs of cotton in stock and to arrive. So, the net position of increase both in quantity and value is as follows:-

Increase in the quantity of cotton to be consumed on the basis of the present average rate -	27.08 %
Increase due to rise in value of cotton -	17.57 %
Total -	44.65 %

In view of the above, the resource position at end of April 1935 is found inadequate to meet the situation, especially

especially when a good portion thereof is locked up in the Hosiery stocks to reduce which every attempt is being made.

On the basis of working capital of Rs.8 lakhs available in 1933 the working capital required for the conditions specified above during the next eight months of 1935 involving a net increase of 44.65 % in money value of cotton consumption, should be about Rs.11,57,000.

The working capital required for a Mill of this size under normal conditions may be summarised as follows:-

Cotton stock -	3 months	Rs.5,00,000
Yarn stock		2,00,000
Hosiery stock		1,04,000
Stores		46,000
Bills outstanding		66,000
Cash in hand and Bank		31,000
Total -		Rs.9,47,000

as against Rs.6,82,000 now available as mentioned in para above, as follows:- Value of Assets Rs 650000 Undrawn balance 32000 Total Rs 682000.

The value of cotton stock for three months on an average consumption of 1,071 candies at an average rate of

Rs.153/-

Rs.153/- based on the average price of cotton in stock and to arrive comes to Rs.4,91,151 (1,63,717 x 3) or roughly Rs.5,00,000. The other items are taken on the basis of floating assets on 30th April 1935.

The present stock of cotton and in transit is 11,60,000 pounds equivalent of 2,900 bales of 400 lbs each. The value of this cotton representing about two months consumption on the present basis is Rs.3,63,000 of which Rs.1,40,000 is due to suppliers.

In these circumstances, the Agents consider that the resources of the Company should be strengthened by a further advance of Rs.2 lakhs towards working capital.

Agents.

Mysore 31st May 1935

GN

C.F-4 27-34-3 5 Pt 3

Proceedings of the Government of H. H. the Maharaja of Mysore.

Read:-

G.O.No. Fl.7852-4/G.F.8-31-42 dated 25-4-1932 sanctioning a total working capital loan of Rs.8 lakhs to the S.K.Mills Ltd., on the security of the floating assets of the Mills, the financial procedure for operating on the advance ordered in G.O. No.Fl.1466-69/G.F.8-31-7 dated 22-8-31 being continued to be adopted.

2. Letter dated 11-6-35 from the Managing Agents of the S.K.Mills, Ltd., forwarding a copy of the resolution of the Board of Directors, reviewing the position of the floating Assets and working capital of the Mills and requesting the grant of a further advance of Rs.2 lakhs, as the present value of the working resources has diminished considerably from the original value of Rs.8 lakhs by reason of losses in the past and as a large amount has to be spent on purchase of cotton etc.

Order No. Je 1301-3

dated 7/8/35

Government are pleased to sanction the grant to the Mills of an additional working advance up to a limit of Rupees 2 lakhs for a period of one year. This advance will carry interest at the same rate ~~at 5½ p.c. per annum~~ as in the case of the existing advances.

Subject to approval
A.D
3/8

Before the advance is arranged to be replaced at the disposal of the Mills, the Director will obtain a suitable agreement

from the Mills to cover the additional working advance on the lines of the existing agreement

The procedure of drawing the advance and payment of interest thereon will be the same as that prescribed for the ~~cash~~ existing working advance sanctioned in the G.O's read above.

A demand for ~~a~~ supplementary grant will be placed before the Legislative Council at its next session.

3.8.35

Financial Secretary to Govt.

To

The Comptroller to Govt.

" Director of I & C.

" Managing Agents of the S.K.Mills Ltd

TELEGRAMS:
"SRIKMILS." MYSORE.

TELEPHONE:
MYSORE 2[illegible]

Sri Krishnarajendra Mills, Ltd.

(Registered in Mysore)

FINANCIAL SECRETARY
No.

Bangalore Road,

N. SIRUR & CO.,
AGENTS.
TELEGRAMS: "CHAMUNDI."
(BOMBAY & BANGALORE)
TELEPHONE: { BOMBAY. 22947.
BANGALORE. 365.

Mysore 6th August 1935.

9752

The Financial Secretary
to the Government of Mysore,
Bangalore.

Dear Sir,

We acknowledge with many thanks the receipt of the Government order No.Fl.1301-3 G.F 427-35-3 of 6/7th instant, sanctioning the grant of an additional working advance of Rs.2 lakhs.

Yours faithfully,
For Agents.

Ac

GN

FINANCIAL BRANCH
12 AUG. 1935
GENL & REV. SECTN.